Tan Kim Hock Product Centre Sdn Bhd & Anor v TanKim Hock Tong Seng Food Industry Sdn Bhd

COURT OF APPEAL (PUTRAJAYA) — CIVIL APPEAL NO M-02(NCVC)(W)-1161–06 OF 2017
HAMID SULTAN, ABANG ISKANDAR AND YAACOB MD SAM JJCA
10 MARCH 2022

Trade Marks — Application to expunge from register — Registered mark — High Court dismissed appellants' application to expunge respondent's registered trademark pursuant to s 46(1) of the Trade Marks Act 1976 — Whether non-use of trademark proven — Trade Marks Act 1976 s 46(1)

Trade Marks — Infringement of — Registered trademark and passing off — High Court allowed respondent's action against appellants for infringement of trademark and passing off — Whether appellants infringed respondent's trademark and committed tort of passing off — Whether elements of passing off proven — Whether registered trademark belonged to respondent — Whether second appellant's contribution relevant to claim for ownership of trademark — Trade Marks Act 1976 s 38

Tan Kim Hock ('TKH') was the founder of Tan KimHock Tong Seng Food Industry Sdn Bhd ('the respondent'). In 1970, TKH and his son had created a logo ('the created mark') for his business containing a block letter 'T' with a coconut tree in it, and at the middle of the coconut tree was the letter 'S' symbolising 'Tong Seng'. In 1976, the business and goodwill of Tan Kim Hock (Cop Tong Seng) was sold by TKH to the respondent for valuable consideration. Tan Kim Hock Product Centre Sdn Bhd ('the first appellant') was part of the TKH's group of companies which was incorporated by the respondent whereas Siah Siu Eng ('the second appellant') was one of the director and minority shareholder of the first appellant. In 2013, the respondent discovered that the appellants had misused the respondent's trademark, consequently, the respondent had removed the first appellant from Tan Kim Hock Group of Companies and the respondent ceased to supply its products to the appellants. Despite the action taken by the respondent, the appellants continued sale and marketing of products similar to those of the respondent's bearing the respondent's trademarks without the respondent's authorisation. The appellants had also applied for the registration of trademarks which was quite similar to the respondent's trademarks. At the High Court, the respondent had brought a claim for passing off and infringement of trademark against the appellants whereby the respondent had

claimed the ownership of the common law trademarks bearing the mark and logo of 'Tan Kim Hock' whereas the appellants had filed originating summons ('the OS') to expunge the respondent's registered trademark M/72924 pursuant to s 46(1) of the Trade Marks Act 1976 ('the Act') on the alleged ground that there was non-use of the said registered trademark by the respondent. The High Court had allowed the respondent's claim and dismissed the OS, hence, the present appeal. The appellants submitted that TKH had sold his goodwill in the Tan Kim Hock trademarks for RM300,000 to the appellants in 2001, as such, the appellants were the owner of the common law trademarks. In relation to the respondent's action, the issue was whether the appellants had infringed the respondent's trademark, thus, committed the tort of passing off.

Held, dismissing the appeal with costs of RM50,000 to the respondent subject to allocatur:

(1) The court agreed with the learned judge that the ownership of the respondent's trademarks still belonged to the respondent. There was more than ample evidence establishing the facts that the business and goodwill of Tan Kim Hock (Cop Tong Seng) was sold by TKH to the respondent for valuable consideration in 1976. Thus, the respondent had acquired propriety interest in the registered trademarks and the created mark. There was nothing erroneous in this important finding of fact by the learned judge (see para 54).

(2) The judge had correctly applied the legal principles and examined the evidence to come to the conclusion that the second appellant could not claim co-ownership or authorship of the created mark. The alleged contribution claimed by the second appellant had nothing to do with the claim to proprietorship of a trademark. Under the common law, proprietorship of a trademark was established by first use. The alleged contribution of the second appellant did not empower her to claim any rights over any of the trademarks used by the respondent and its predecessor in the course of their trade (see para 56).

(3) In relation to the issue of non-use of the registered trademark of the respondent, the court observed that the learned judge had dealt with this issue extensively. His Lordship made a finding that the ground of non-use was not proved. In fact, the learned judge found that the respondent had continuously used the registered trademark on its products albeit without the descriptive words 'Cap Pokok Kelapa' as provided under s 23(2) of the Act. Further, the court in the present appeal could not depart from a definitive finding on a matter that had been made by the Federal Court in the case of *Tan Kim Hock Product Centre Sdn Bhd & Anor v Tan Kim Hock Tong Seng Food Industry Sdn Bhd* [2018] 2 MLJ 1 (see paras 61–63).

(4) For the cause of action of passing off, the three constituent elements were reputation/goodwill, misrepresentation and damage. The learned judge had made a finding that the respondent had made out a clear case of passing off and infringement of trademarks against the appellants. The evidence was overwhelming that TKH and the respondent had used the relevant indicia of origin namely the respondent's trademarks together with name 'Tan Kim Hock' and its Chinese equivalent for a substantial period of time. Further, the impugned trademark used by the appellants was identical to the respondent's trademark and the goods and products were identical as well, as such, misrepresentation was beyond dispute. In respect of damages, the court agreed with the learned judge's finding that in cases where the goods in question were in direct competition with another, the court would readily infer the likelihood of damage to the respondent's goodwill through loss of sales and loss of exclusive use of the name (see paras 68 & 79–81).

(5) Based on s 38 of the Act, anyone who used a mark which was identical with a registered trademark or a mark which was so closely resembling it as was likely to deceive or cause confusion in the course of trade in relation to the goods registered, without the permission or authority of the trademark owner was committing an infringement of trademark. Based on the packaging designs and get up of the appellants' products, the appellants had adopted an almost identical mark as that found in the registered trademark of the respondent, save for the words 'CAP POKOK KELAPA'. The learned judge had correctly applied the provision of s 38 of the Act in the present case. Based on the undisputed evidence, it was beyond doubt that a case of infringement of the respondent's registered trademark had been made out against the appellants (see paras 83–85).

[Bahasa Malaysia summary

Tan Kim Hock ('TKH') ialah pengasas Tan KimHock Tong Seng Food Industry Sdn Bhd ('responden'). Pada tahun 1970, TKH dan anaknya telah mencipta logo ('cap dagangan yang dicipta tersebut') untuk perniagaannya yang mengandungi huruf blok 'T' dengan pokok kelapa di dalamnya, dan di tengah-tengah pokok kelapa tersebut terdapat huruf 'S' yang melambangkan 'Tong Seng'. Pada tahun 1976, perniagaan dan nama baik Tan Kim Hock (Cop Tong Seng) telah dijual oleh TKH kepada responden dengan balasan bayaran. Tan Kim Hock Product Centre Sdn Bhd ('perayu pertama') adalah sebahagian daripada kumpulan syarikat TKH yang telah diperbadankan oleh responden manakala Siah Siu Eng ('perayu kedua') adalah salah seorang pengarah dan pemegang saham minoriti syarikat perayu pertama. Pada tahun 2013, responden mendapati bahawa perayu-perayu telah menyalahgunakan cap dagangan responden, akibatnya, responden telah mengeluarkan perayu pertama daripada kumpulan syarikat Tan Kim Hock dan responden berhenti

membekalkan produknya kepada perayu-perayu. Walaupun tindakan telah diambil oleh responden, perayu-perayu meneruskan penjualan dan pemasaran produk yang serupa dengan produk responden yang mempunyai cap dagangan responden tanpa kebenaran responden. Perayu-perayu juga telah memohon untuk pendaftaran cap dagangan yang hampir sama dengan cap dagangan responden. Di Mahkamah Tinggi, responden telah membawa tuntutan kelirupaan dan pelanggaran cap dagangan terhadap perayu-perayu di mana responden telah menuntut pemilikan cap dagangan di bawah undang-undang biasa yang mengandungi cap dan logo 'Tan Kim Hock' manakala perayu-perayu telah memfailkan saman pemula ('SP tersebut') untuk menghapuskan cap dagangan berdaftar responden M/72924 menurut s 46(1) Akta Cap Dagangan 1976 ('Akta tersebut') atas alasan bahawa tiadanya penggunaan cap dagangan berdaftar tersebut oleh responden. Mahkamah Tinggi telah membenarkan tuntutan responden dan menolak SP tersebut, justeru, rayuan semasa. Perayu-perayu berhujah bahawa TKH telah menjual nama baiknya dalam cap dagangan Tan Kim Hock pada harga RM300,000 kepada perayu-perayu pada tahun 2001, oleh itu, perayu-perayu adalah pemilik cap dagangan tersebut di bawah undang-undang biasa. Berhubung dengan tindakan responden, isunya ialah sama ada perayu-perayu telah melanggar cap dagangan responden, justeru, melakukan tort kelirupaan.

Diputuskan, menolak rayuan dengan kos RM50,000 kepada responden tertakluk kepada alokatur:

(1) Mahkamah bersetuju dengan hakim yang bijaksana bahawa pemilikan cap dagangan responden masih menjadi milik responden. Terdapat banyak keterangan yang lebih daripada cukup untuk membuktikan fakta bahawa perniagaan dan nama baik Tan Kim Hock (Cop Tong Seng) telah dijual oleh TKH kepada responden dengan balasan bayaran pada tahun 1976. Oleh itu, responden telah memperoleh kepentingan pemilikan dalam cap dagangan berdaftar dan cap dagangan yang dicipta tersebut. Tiada kekhilafan dalam dapatan fakta penting ini oleh hakim yang bijaksana (lihat perenggan 54).

(2) Hakim telah menggunakan prinsip undang-undang dengan betul dan meneliti keterangan untuk membuat kesimpulan bahawa perayu kedua tidak boleh menuntut pemilikan bersama atau pengarang ke atas cap yang dicipta tersebut. Sumbangan yang didakwa dituntut oleh perayu kedua tidak ada kaitan dengan tuntutan hak milik sesuatu cap dagangan. Di bawah undang-undang biasa, pemilikan cap dagangan boleh dibuktikan dengan penggunaan pertama. Sumbangan yang didakwa oleh perayu kedua tidak memberinya kuasa untuk menuntut apa-apa hak ke atas mana-mana cap dagangan yang digunakan oleh responden dan pendahulunya dalam tempoh perniagaan mereka (lihat perenggan 56).

(3) Berhubung dengan isu tiadanya penggunaan cap dagangan berdaftar

responden, mahkamah mendapati bahawa hakim yang bijaksana telah menangani isu ini secara meluas. Yang Arif membuat dapatan bahawa alasan tiada penggunaan tidak dibuktikan. Malah, hakim yang bijaksana mendapati responden telah menggunakan cap dagangan berdaftar tersebut secara berterusan pada produknya walaupun tanpa perkataan deskriptif 'Cap Pokok Kelapa' seperti yang diperuntukkan di bawah s 23(2) Akta tersebut. Selanjutnya, mahkamah dalam rayuan semasa tidak boleh menyimpang daripada keputusan muktamad mengenai sesuatu perkara yang telah dibuat oleh Mahkamah Persekutuan dalam kes *Tan Kim Hock Product Centre Sdn Bhd & Anor v Tan Kim Hock Tong Seng Food Industry Sdn Bhd* [2018] 2 MLJ 1 (lihat perenggan 61–63).

(4) Bagi kausa tindakan kelirupaan, tiga elemen yang perlu dibuktikan ialah reputasi/nama baik, salah nyata dan kerosakan. Hakim yang bijaksan telah membuat keputusan bahawa responden telah membuktikan kes yang jelas bagi tuntutan kelirupaan dan pelanggaran cap dagangan terhadap perayu-perayu. Terdapat keterangan yang banyak bahawa TKH dan responden telah menggunakan tanda asal yang berkaitan iaitu cap dagangan responden bersama-sama dengan nama 'Tan Kim Hock' dan tanda yang setara dalam bahasa Cina untuk tempoh masa yang lama. Selanjutnya, cap dagangan yang disangkal yang digunakan oleh perayu-perayu adalah sama dengan cap dagangan responden dan barangan dan produk juga adalah sama, oleh itu, salah nyata tidak boleh dipertikaikan. Berkenaan dengan kerosakan, mahkamah bersetuju dengan keputusan hakim yang bijaksana bahawa dalam kes di mana barang yang dipersoalkan bersaing secara langsung dengan yang lain, mahkamah dengan mudah akan membuat kesimpulan kemungkinan kerosakan kepada nama baik responden melalui kehilangan jualan dan kehilangan penggunaan eksklusif ke atas nama (lihat perenggan 68 & 79–81).

(5) Berdasarkan s 38 Akta tersebut, sesiapa yang menggunakan cap yang sama dengan cap dagangan berdaftar atau cap yang hampir menyerupainya yang berkemungkinan memperdaya atau menyebabkan kekeliruan dalam urusan perdagangan berhubung dengan barang yang didaftarkan, tanpa kebenaran atau kuasa yang diberikan oleh pemilik cap dagangan tersebut telah melakukan pelanggaran cap dagangan. Berdasarkan reka bentuk pembungkusan dan produk perayu-perayu, perayu-perayu telah menggunakan cap yang hampir sama seperti yang terdapat dalam cap dagangan berdaftar responden, kecuali perkataan 'CAP POKOK KELAPA'. Hakim yang bijaksana telah menggunakan peruntukan s 38 Akta tersebut dengan betul dalam kes ini. Berdasarkan keterangan yang tidak dipertikaikan, tidak dapat dinafikan bahawa satu kes pelanggaran cap dagangan berdaftar responden telah dibuktikan terhadap perayu-perayu (lihat perenggan 83–85).]

Cases referred to

AG Spalding Brothers v AW Gamage, Ltd [1914–1915] All ER Rep 147, HL (refd)

CDL Hotels International Ltd v Pontiac Marina Pte Ltd [1998] 2 SLR 550, CA (refd)

Crusade Oil NL and another v Crusader Minerals NZ Ltd (1984) 3 IPR 171, HC (refd)

Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor [2012] MLJU 1192; [2012] 8 CLJ 645, CA (refd)

Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party) [2015] 6 MLJ 465, FC (refd)

Ng Hoo Kui & Anor v Wendy Tan Lee Peng (administratrix for the estate of Tan Ewe Kwang, deceased) & Ors [2020] 12 MLJ 67, FC (refd)

Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd [1994] 2 MLJ 770, SC (refd)

Service Master (M) Sdn Bhd v MHL Servicemaster Sdn Bhd & Anor and another application [1998] 5 MLJ 378, HC (folld)

Tan Kim Hock Product Centre Sdn Bhd & Anor v Tan Kim Hock Tong Seng Food Industry Sdn Bhd [2018] 2 MLJ 1, FC (refd)

Tan Kim Hock Product Centre Sdn Bhd & Anor v Tan KimHock Tong Seng Food Industry Sdn Bhd [2017] 1 MLJ 730, CA (folld)

Tan Kim Hock Tong Seng Food Industry Sdn Bhd v Tan Kim Hock Product Centre Sdn Bhd & Anor [2016] 7 MLJ 561, HC (refd)

The Commissioners of Inland Revenue v Muller & Co's Margarine, Limited [1901] AC 217, HL (refd)

Tindok Besar Estate Sdn Bhd v Tinjar Co [1979] 2 MLJ 229, FC (refd)

Tohtonku Sdn Bhd v Superace (M) Sdn Bhd [1992] 2 MLJ 63, SC (refd)

Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor [2012] 1 MLJ 585, CA (refd)

Legislation referred to

Courts of Judicature Act 1964 s 42(1)
Evidence Act 1950 s 45
Trade Descriptions Act 2011 s 9(1), (2)
Trade Marks Act 1976 (repealed by Trademarks Act 2019) ss 23(2), 38, 46, 46(1)

Appeal from: Civil Suit No 22NCvC-12–03 of 2015 and Originating Summons No 24-NCVC–460–12 of 2015 (High Court, Melaka)

Cyrus Das (with Jagjit Singh, Yap Bell Pung, Goh What Sing and Joshua Vijayan Dharmaraj) (Bell & Lee) for the appellants.
Teo Bong Kwang (with Damian Yeo Shen Li, Melvin Tay Yee Shian and Boo Min Lee with him) (Damian SL & LC Goh) for the respondent.

Yaacob Md Sam JCA:

PRELIMINARY

This judgment is prepared pursuant to s 42(1) of the Courts of Judicature Act 1964 (Revised 1972), as my learned brother, Dr Hj Hamid Sultan Abu Backer JCA has since retired. My learned brother, Abang Iskandar bin Abang Hashim JCA (now the Chief Judge of Sabah and Sarawak) has read this judgment in draft and has expressed his agreement that this judgment be the judgment of the court.

INTRODUCTON

[1] This appeal arose as a consequence of the decision of the High Court after full trial, allowing, inter alia, the respondent's (plaintiff) claim for passing off and infringement of trademark against the appellants (defendants).

[2] In the court below, the appellants have filed an application vide Originating Summons No 24-NCVC-460–12 of 2015 (OS) to expunge the respondent's registered trademark M/72924 pursuant to s 46(1) of the Trade Marks Act 1976 on the alleged ground that there was non-use of the said registered trademark by the respondent. This OS was heard together with this writ action and was dismissed with cost as well by the High Court.

[3] Having heard the submissions of the parties, we have deferred our decision to a date to be fixed. We now give our decision.

THE MATERIAL FACTS

[4] The relevant facts of the respondent's case have been set out clearly by the learned High Court judge's grounds of judgment at paras 3–34.

[5] For ease of reference, we shall reproduce the relevant facts of the case based on the evidence adduced and as extracted from the grounds of judgment of the learned High Court judge.

[6] The respondent is a private limited company incorporated under the laws of Malaysia which was established by its founder Mr Tan Kim Hock ('TKH'). TKH was known as 'Dodol King' in Melaka.

[7] The respondent's primary business is the manufacturing and marketing of traditional sweets and savories such of dodol cake ('kuih dodol'), kaya cookies and coconut candies, as well as other local food and health products. All of the respondent's products bear the registered trademark and/or getting of

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C 'Tan Kim Hock' and "陳金福特產家" being Mandarin version of 'Tan Kim Hock' and 陈金福 being Mandarin of Product Centre (Tan Kim Hock Product Centre).

D **[8]** Sometimes in the 1950s, TKH and his late wife, Madam Ngow Swee Yam (Madam Ngow) formulated a special recipe for their kuih dodol, which became a favorite among their village folks then. At that time TKH and Madam Ngow would make kuih dodol and distribute them among their relatives and friends, usually during festive seasons. Thereafter TKH started selling the kuih dodol from house to house in the Malay kampung near Brangan Enam, Umbai, Melaka.

E **[9]** In order to establish a market name and presence, TKH registered the trademark of

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G on 20 February 1967. As shown above, the first trademark of TKH bore the image of a coconut tree, which forms the main ingredients for the kuih dodol and other products. The registered proprietor of this first trademark bearing registration No M/47372 was TKH trading as Tong Seng.

H **[10]** TKH's business developed rapidly and sometime in the early 1970s TKH set up a small outlet named 'Syarikat Tong Seng' at No 85, Bendahara, Jalan Bunga Raya, Melaka.

I **[11]** Sykt Tong Seng's business grew exponentially and in 1973, TKH acquired a shop at No 91, Jalan Bendahara, Melaka, for the purpose of manufacturing and selling his products. Following this, TKH started to use 'Tong Seng Foodstuff Factory' as the name of his business enterprise.

[12] Somewhere in the year 1974, TKH once again changed his business name to 'Tan Kim Hock (Chop Tong Seng) mainly to avoid public confusion and to differentiate his products from that of his competitors who started using

similar sounding names to that of Tong Seng. Despite the various changes to the names in his business, TKH maintained the name 'Tong Seng' in some form or the other, as its Chinese meaning ie 'an any direction it must succeed'.

[13] Sometime in early 1970s, pursuant to the effort of TKH and his son, Tan Bee Long (TBL/PW9), a logo was created as the 'Created Mark' to carry out his business. The Created Mark contains a block letter, 'T' with a coconut tree in it, and at the middle of the coconut tree is the letter 'S' symbolising 'Tong Seng'. The logo was created in the following form:

[14] The Created Mark was first used by TKH sometime in 1973 at a trade fair where TKH's business enterprise had participated and used the Created Mark in its advertisements, hoardings and promotional materials. Further business documents from time to time, such as, letterheads and invoices also showed that TKH's business enterprise had used the Created Mark to carry out its business.

[15] Following the tremendous growth of the business, TKH and the entire business and goodwill of Tan Kim Hock (Chop Tong Seng) was sold to the respondent for RM30,000 as consideration.

[16] On 21 September 1976, the respondent registered the trademark

(Registered Mark). The Registered Mark bears registration No M/72924. The Registered Mark's main feature is the Created Mark with the words 'CAP POKOK KELAPA' added to the bottom.

[17] The words 'CAP POKOK KELAPA' was added so as to maintain the connection and continuity with the earlier registered mark.

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[18] Sometime in 1983, the respondent shifted its office from No 1, Jalan Bendahara, Melaka to a new building known as Wisma Tan Kim Hock, which remains as their headquarters until to-date.

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[19] The respondent later expanded its business by establishing 'Tan Kim Hock Group of Companies' which consists of the following companies:

(a) Tan KimHock Tong Seng Food Industry Sdn Bhd;

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(b) Tan Kim Hock Confectionary Sdn Bhd;

(c) Hotel Tan Kim Hock Sdn Bhd;

(d) Kim Hock Fruit Industry Sdn Bhd;

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(e) Kilang Ubat Tan Kim Hock;

(f) Kilang Makanan Tan Kim Hock;

(g) Restoran Makanan Istimewa Tan Kim Hock;

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(h) Tan Kim Hock Fruit Product Sdn Bhd;

(i) Tan Kim Hock Product Centre (where the registration expiry date was 7 March 2006); and

(j) Tan Kim Hock Product Centre Sdn Bhd.

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[20] Kim Hock Fruits Sdn Bhd and Tan Kim Hock Product Centre were responsible for marketing and retailing the respondent's products as well as other local food products, while the Tan KimHock Tong Seng Food Industry Sdn Bhd (the respondent) concentrated in manufacturing, wholesale and exports of their products.

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[21] In 2001, the respondent incorporated Tan Kim Hock Product Centre Sdn Bhd (the first appellant) and the respondent promoted Madam Siah Siu Eng (the second appellants) to be one of the directors and a minority shareholder of the first appellant. The respondent supplied all its products to the first appellant for sale at its business premises at Jalan Bendahara, Melaka. The responsibility of the second appellant was to promote the business and reputation of the respondent's products bearing its various trademarks, both registered and unregistered.

I

[22] On 16 August 2005, the respondent had made an application to register the Created Mark with the words 'Tan Kim Hock' at the bottom of the said mark, ie

However, due to the carelessness of the respondent's administrative side, the said application was abandoned in 2010. When the respondent became aware of this in 2014, the respondent's trademark agent applied to register the marks in 2014. The new trademark applications were given application Nos 2014001805, 2014001812, 2014001813, 2014001814, 2014001815, 2014001816, 2014001817, and 2014001818 in their respective Classes 29, 30, 32 and 35.

[23] In 1976, based on an application by TKH, the trademark application No M/72924 was registered on 21 September 1976 under Class 30 for 'dodol being a sweet confection made of glutinous rice, kaya, coconut biscuit, coconut candy' (Cap Pokok Kelapa). The representation of the trademark is as shown below:

[24] Thereupon, together with its group of companies, the respondent maintains the registration and usage of the respondent's trademarks in their premises and products. It is to be noted that in November 2013, TKH's children remove him as the managing director of the respondent company.

THE RESPONDENT/PLAINTIFF'S CASE

[25] The respondent alleged that the appellants had misused the respondent's trademark in that sometime in 2013, it was discovered that the second appellant had taken advantage of the respondent's reputation and

confidential information by practicing price cutting of the respondent's products. The appellants were subsequently removed from Tan Kim Hock Group of Companies and the respondent ceased to supply its products to the appellants as of November 2013.

[26] Despite the same, the respondent discovered that the appellants had applied for registration of trademark TAN KIM HOCK under applications number 2013011327, 2013011329, 2013009662 and 2013009665 and trademark

under applications number 2014001829, 2014001830, 2014001831 and 2014001832. Meanwhile, the appellants continued sale and marketing of products similar to those of the respondent bearing the respondent's trademarks without the respondent's authorisation. The respondent have filed an objection to the appellants' applications for the registration of the impugned trademarks.

[27] As such, the respondent filed this suit on 20 October 2014. The respondent's cause of action is that the appellants have infringed the respondent's registered trademark and/or passed off the appellant's products as those of the respondent.

[28] The respondent further pleads that the appellants had failed to comply with the respondent's demand vide a letter dated 26 February 2014 from the respondent's solicitors Damian SL Yeo & LC Goh demanding that the appellants cease and desist from passing off its products using the respondent's trademark and/or get up.

[29] By way of an ex parte originating summons dated 26 May 2014, the respondents applied for a trade description order (TDO) under sub-ss 9(1) and (2) of the Trade Descriptions Act 2011 that the durian dodol, coconut dodol and coconut biscuits (dodol products) bearing the trademark 'Pokok Kelapa' in the shape of 'T' and containing a red and a white coconut tree which is a stylised letter in the middle of the coconut tree consist of a logo 'S', on its packaging, which is confusingly similar to the respondent's trademark, to be declared a false trademark. The TDO was granted on 4 June 2014. The respondent then lodged a complaint with the Ministry of Domestic Trade, Cooperatives and Consumerism. A raid was conducted at the first appellant's premise pursuant to the TDO. 358 units of products bearing the unauthorised

use of the respondent's trademarks were seized from the first appellant's premise by the authorities.

[30] The appellants filed an application for leave to intervene and to set aside the TDO. The respondent did not object to the said application. After hearing the setting aside application, the learned High Court judge dismissed the same. On appeal, the Court of Appeal affirmed the validity of the TDO on 2 December 2016. Not satisfied, the appellant appealed to the Federal Court. The Federal Court affirmed both the decisions of the High Court and Court of Appeal on 28 November 2017. The appeal by the appellants was dismissed with costs and the TDO was ruled by the Federal Court to be valid (see: *Tan Kim Hock Product Centre Sdn Bhd & Anor v Tan Kim Hock Tong Seng Food Industry Sdn Bhd* [2018] 2 MLJ 1 (FC)); *Tan Kim Hock Product Centre Sdn Bhd & Anor v Tan KimHock Tong Seng Food Industry Sdn Bhd* [2017] 1 MLJ 730 (CA)).

[31] By reason of all the circumstances and conducts of the appellants, the respondent filed this action and sought for the following declarations pertaining to the ownership of the trademarks:

(a) Satu deklarasi bahawa Plaintiff yang merupakan pemilik dan pemunya asal Cap Dagangan dan capgaya

'Tan Kim Hock' ('Cap Dagangan tersebut') yang sah di sisi undang-undang dan tidak termasuk pihak-pihak lain.

[32] It is to be noted that the five marks claimed by the respondent, only the mark of

A is a registered marks (No M/07924 Dalam Kelas 30) and the other four marks are unregistered marks, namely common law trademarks of TKH.

THE APPELLANTS'/DEFENDANTS' CASE

B **[33]** The appellants' case is stated in their amended statement of defence and counterclaim. Accordingly they contend that in respect of the Created Mark

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D it was a result of joint/collaboration between the respondent's founder TKH and the second appellant Madam Siah Siu Eng. The appellants state that the letter 'T' symbolised 'Tan', ie Tan Kim Hock and the letter 'S' symbolised 'Siah' ie Siah Siu Eng, the second appellant. The letters 'T' and 'S' according to the appellants also represent 'Tong Seng'. And the coconut tree further indicates E the ingredient used to make kuih dodol.

[34] The defence of the second appellant states in summary that TKH the founder of the respondent promised to give her shares, ownership and goodwill in the Tan Kim Hock businesses due to the second appellant's hard work and F effort in expanding the business. The second appellant further maintains that once TKH's business had expanded, the second appellant as the co-founder and business partner was entrusted with several responsibilities which include 'Supervisor' in the respondent's company, 'Personal Assistant' to TKH and the 'Group Financial Controller'.

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[35] The second appellant further contended that in 2001, pursuant to the earlier promise by TKH, the second appellant established the first appellant in which TKH held 60,000 shares and the second appellant held 40,000 shares. H TKH had also made the second appellant a director of the first appellant. Subsequently, in 2006, TKH transferred more shares in the first appellant to the second appellant for valuable consideration, which according to the second appellant was in fulfilment of TKH's promise to the second appellant. The second appellant further stated that in 2012, TKH transferred all the I remaining shares in the first appellant to the second appellant and the second appellant's son for valuable consideration of RM200,000. The second appellant claimed that the sale of TKH's remaining shares in the first appellant to the second appellant includes transfer of ownership, goodwill and business reputation of TKH in Tan Kim Hock Group of Companies and in particular

the trademarks of the respondent. Thus, the first appellant claimed that it is now the owner of the said trademarks. A

[36] Further, the appellants contended that the trademark bearing Registration No M/07924 Class 30 (Registered Mark) with logo B

C

was never used by the respondent and as such argued that it considered abandoned because of non-use.

[37] As such, the appellants (defendants) in their counterclaim sought for a declaration that the appellants are owners of four unregistered marks namely: D

E

F

and

G

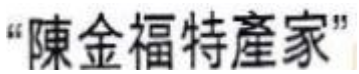
(the second and third marks) and the words 'Tan Kim Hock' and 'Chen Jin Fu Te Chan Jia' in Mandarin (the fourth and fifth marks). H

[38] Vide the Originating Summons (OS) No 24NCVC-460–12 of 2015, the appellants sought to expunge the registered trademark of the respondent (No M/07924) in Class 30 with logo: I

PROCEEDINGS AND DECISION OF THE HIGH COURT

[39] The respondent filed this action (main suit) against the appellants. The main suit was a contest between the respondent and the appellants over the ownership of the common law trademarks bearing the mark and logo of 'Tan Kim Hock'. The respondent claimed ownership over the following Tan Kim Hock (Tan Kim Hock trademarks):

(a) 'Tan Kim Hock';

(b) 

Mandarin version of 'Tan Kim Hock' and

Mandarin version of Product Centre means 'Tan Kim Hock Product Centre';

(c)

(d)

(e)

[40] The appellants made two claims of Tan Kim Hock trademarks:

(a)

(b)

The appellants also made claim on the Mandarin version of 'Tan Kim Hock' and the Mandarin version of Product Centre pronounces as 'Chen Jin Fu Te Chan Jia' and means 'Tan Kim Hock Product Centre'.

[41] It would appear from reading of the appellants' counterclaim that the appellants' claim was in two folds:

(a) full ownership of the four Tan Kim Hocks trademarks; and

(b) in alternative, co-ownership of the four Tan Kim Hock trademarks.

[42] The appellants also filed the OS to, inter alia, expunge/strike out the respondent registered trademark of

A

B

bearing registered trademark No M/072924 in Class 30.

[43] Both the main suit and the OS were consolidated and were heard together by the High Court.

C

[44] The five issues analysed by the learned High Court judge in the grounds of judgment are as follows:

(a) did the second defendant (Siah Siu Heng) and TKH jointly created the Created Mark of

D

E

F

(b) was TKH's goodwill in his business enterprise 'Tan Kim Hock trading as Chop Tong Seng' including the trademark of

G

H

and the Created Mark of

I

sold to the plaintiff (respondent) in 1976;

(c) who is the owner of the Registered Mark of

and did the plaintiff abandon the Registered Mark?

(d) did the defendants (appellants) infringe the plaintiff's trademark? and

(e) did the defendants commit the tort of passing off?

[45] After a full trial and after evaluating the evidence in totality of 17 witnesses (five for the appellants and 12 for the respondent), the learned trial judge allowed the respondent's claim on ownership of all the Tan Kim Hock trademarks. The declaration sought by the respondent was granted. The learned High Court judge dismissed the defence and counterclaims of the appellants. The appellants' OS was also dismissed.

[46] Aggrieved, the appellants filed an appeal to this court.

THE APPELLANTS' APPEAL AND OUR DECISION

[47] The common issues for this appeal relates to four main grounds of appeal:

(a) the alleged right of Tan Kim Hock to the Tan Kim Hock trademarks and the alleged right of the appellants to them or any of them;

(b) the alleged contribution by the second appellant in the Created trademarks;

(c) the issue of non-use; and

(d) the acquisition of goodwill including the respondent's trademarks by the respondent.

[48] Learned counsels for the respective parties have submitted at length on all the four issues. For brevity, we do not propose to set out each of the submissions of the learned counsel, except on issues for our determination.

[49] On the first issue, it was submitted by the learned counsel for the appellants that the basis of claim as pleaded by the appellants is that TKH had sold his goodwill in the Tan Kim Hock trademarks for RM300,000 to the appellants in 2001 in honouring TKH's promises to the second appellant. It

was contended that the second appellant was at all material times a very important person of the Tan Kim Hock Group of Companies and was not a mere dodol packer. She was soon promoted as supervisor and given important role by TKH the founder of the Group. It was further argued that TKH was the creator and first use of the Tan Kim Hock trademarks. It was contended that in 2001 TKH incorporated 'Tan Kim Hock Product Centre Sdn Bhd' the first appellant with TKH holding 60% share and the second appellant holding 40% share of the company to take over the business of Tan Kim Hock Product Centre, the sole proprietor of TKH. She was also made a director in the first appellant. Subsequently, in 2006, TKH transferred more shares in the first appellant to the second appellant for valuable consideration of RM378,000. And, in 2012, the appellants contended that TKH transferred his remaining share in the first appellant to the second appellant and the second appellant's son for a consideration of RM200,000. Thus, it was contended that all generated goodwill in the course of trade of Tan Kim Hock Group still attached personally and TKH has transferred the ownership, goodwill in all Tan Kim Hock trademarks and reputation of TKH in the Tan Kim Hock Group of Companies to the second appellant. It was contended that the appellants are now the owner of the common law trademarks of Tan Kim Hock trademarks.

[50] In considering the above issue, it is important to reiterate the historical of the trademarks used by TKH in the course of his business. It is common ground that TKH started trading under the style of 'Syarikat Tong Seng' in 1950s. It is also undisputed facts that in 1973, the trading style of TKH's business was changed to Tong Seng Foodstuff Factory. It is also in 1973 that TKH designated the Created Marks and used it in the course of its trade. In 1974, TKH changed its business name from 'Syarikat Tong Seng' to 'Tan Kim Hock (Chop Tong Seng)'. In 1975, Tan KimHock Tong Seng Industry Sdn Bhd, the respondent was incorporated with TKH and his wife Madam Ngow Swee Yam as the two major shareholders. On 1 April 1976, the respondent bought over the business and goodwill including all trademarks of Tan Kim Hock (Chop Tong Seng). In September 1976, the respondent registered the Registered Mark/Created Mark. From 1976, the respondent continued to use the Registered Mark (albeit without the words 'CAP POKOK KELAPA) together with the word 'Tan Kim Hock' and its Chinese equivalent on all products manufactured and marketed by the respondent until to date. In 2001, after 25 years, the first appellant was incorporated with the sole purpose of distributing and promoting the products manufactured by the respondent such as dodol, kaya and other foodstuff and souvenirs.

[51] The learned High Court judge at para 39 of His Lordship's grounds of judgment made, inter alia, the following observations:

> The evidence shows that the Created Mark is a progression from TKH's registered mark of

which was registered on 20 February 1967. TKH had wanted his products to bear a more distinct trademark to differentiate his products from that of his competitors, which led to the Created Mark. The evidence also shows that the Created Mark

was used by TKH as early as 1973. TKH had participated in a trade fair in Malacca sometime in early 1973.

And the Created Mark

was used in the advertising hoardings and promotional materials for TKH's products. And had contributed towards the created of the Created Mark

in the early 1970s is incredible.

[52] On the issue of who owns the Created Mark, the learned High Court held in para 39 of His Lordship's grounds of judgment as follows:

The second defendant claims that she played a significant role in the development and promotion of the Created Mark. However, apart from this bare averment, there is no cogent evidence in support of this claim. The evidence, both oral and documentary shows that the second defendant played was first employed as a dodol packer and subsequently as supervisor. There is no evidence showing that the second defendant played any role in the creation of the Created Mark or any other trademarks claimed by the plaintiff. On the other hand, Tan Bee Long (PW9) who is TKH's son gave evidence of his involvement in the early 1970s in creating the Created Mark together with his father.

[53] His Lordship then further elaborated:

The evidence shows that the Created Mark is a progression from TKH's registered mark of

which was registered on 20th February 1967. TKH had wanted his products to bear a more distinct trademark to differentiate his products from that of his competitors, which led the Created Mark. The evidence also show that the Created Marks

was used by TKH as early as 1973. TKH had participated in a trade fair in Malacca sometime in early 1973. And the Created Mark

was used in the advertising hoardings and promotional materials for TKH's products. The plaintiff had tendered photographs of this trade fair in evidence. The second defendant claims that she join TKH's enterprise in 1970. However, this assertion contradicts documentary evidence in the form of monthly returns to the Employee Provident Fund that shows that the second defendant started her employment only in January 1973 as a dodol packer. I prefer to accept the contemporaneous documentary evidence instead of the self serving assertions of the second defendant. Further, the second defendant's evidence is also contradicted by the oral testimony of Hamzah bin Talib (PW1) and Rokiah binti C Muhammad (PW2), who were employees of TKH since before the second defendant joining TKH's enterprise. PW1 and PW2 testified that the second defendant was first employed as a dodol packer sometime in 1973. In the circumstances, the second defendant's claim that she was involved in the business decisions of TKH and had contributed the created of the Created Mark in the

early 1970s is incredible.

[54] Therefore, the basic question for our decision here is whether the learned judge had misdirected himself in his assessment and evaluating the evidence in totality with regard to this fundamental issue. We find there has been no such misdirection. Premised of the above background, we are in the agreement with the learned judge findings that the ownership of the respondent's trademarks still belongs to the respondent. We too find that there is more than ample evidence establishing the facts that the business and goodwill of Tan Kim Hock (Cop Tong Seng) was sold by TKH to the respondent for valuable consideration in 1976. Thus, the respondent had acquired propriety interest in the registered trademark,

and the created trademark

We find nothing erroneous about this important finding of fact by the learned High Court judge.

[55] On the issue of the alleged joint ownership of the Created Mark, His Lordship further held in para 40 of the grounds of decision as follows:

> The overall evidence indicates that the plaintiff's version of the creation of the Created Mark

> is more probable. Thus, I find that the second defendant had no involvement whatsoever in the creation of the Created Mark

> and hence the second defendant cannot claim co-ownership or authorship of this mark.

[56] We find the learned High Court judge has correctly applied the legal principles and examined the evidence to come to conclusion that the second appellant cannot claim co-ownership or authorship of Created Mark. The alleged contribution claimed by the second appellant has nothing to do with the claim to proprietorship of a trademark. Under the common law,

proprietorship of a trademark is established by first use. Even if we assume for the moment that the second appellant has contributed much to the growth of the Tan Kim Hock Group of Companies, it is irrelevant to the issue of ownership or co-ownership of the Created Mark. Such contribution does not empower the second appellant to claim any rights over any of the trademarks used by the respondent and its predecessor in the course of their trade.

[57] On the issue on the sale of the business known as 'Tan Kim Hock (Chop Tong Seng)' including the goodwill associated with it and the respondent's trademarks to the respondent, including the Created Mark, the Registered trademark and the name 'Tan Kim Hock' and its Chinese equivalent from TKH to the respondent in 1976, the learned trial judge in para 40 had held as follows:

> When the totality of the evidence is considered. Hence, following plaintiff had acquired propriety interest in the registered mark

and the Created Mark

[58] We observe that the learned trial judge has dealt with this second issue in extenso as appears in paras 41–45 of his grounds of decision. The learned judge accepted as factual evidence of the Company Resolution dated 1 April 1976 (exh 'P2') which shows that the respondent had bought the business of 'Tan Kim Hock (Chop Tong Seng)' lock, stock and barrel, which includes the goodwill and trademarks. P2 showed that the goodwill of the business of 'Tan Kim Hock (Chop Tong Seng)' was also sold for RM30,000 to the respondent. P2 was signed by TKH and Madam Ngow who has since passed away. P2 was prepared by Jenny Chong (PW7) who had direct knowledge and involvement

in the preparation of the resolution contained in P2. P2 was signed by TKH and the late Madam Ngow. Learned counsel for the appellants submitted that TKH as the maker of P2 ought to be called by the respondent to tender P2. Learned counsel also argued that the two doctors (Dr Suresh and Dr Taye) called to testify on the mental capacity of TKH are not an expert under s 45 of the Evidence Act 1950. His Lordship held that he has no reason to doubt Jenny Chong's recollection of events that led to the drafting of P2 under the instruction of then company secretary, one late Chua Pong Thia. The resolution was photocopied from the Minute Book which Jenny Chong kept for the respondent. The Minute Book was produced in court for the inspection of the appellant and the court. We find no reason to disturb the learned judge finding based on the above stated reasons.

[59] We come to the issue that is concerned with the alleged non-use of the Registered Mark of the respondent. The appellants have filed an OS seeking to expunge a Registered trademark of the respondent based on s 46 of the Trade Marks Act 1976 on the alleged ground of non-use. The burden of proof is upon the applicant, in this case the appellants. It is to be noted that the learned High Court judge had also dismissed the appellants' counterclaim and the OS.

[60] The argument of non-use (or abandonment of trademark) was in fact raised in a related matter namely *Tan KimHock Tong Seng Food Industry Sdn Bhd v Tan Kim Hock Product Centre & Anor* (KL High Court Originating Summons No 24-IP-25–05 of 2014) in the High Court of Kuala Lumpur, which relates to the validity of the TDO obtained by the respondent. The High Court in this case found that there was no such abandonment (see: *Tan Kim Hock Tong Seng Food Industry Sdn Bhd v Tan Kim Hock Product Centre Sdn Bhd & Anor* [2016] 7 MLJ 561). The appellants filed an appeal to the Court of Appeal. The Court of Appeal subsequently upheld the High Court decision (see *Tan Kim Hock Product Centre Sdn Bhd & Anor v Tan KimHock Tong Seng Food Industry Sdn Bhd* [2017] 1 MLJ 730).

[61] We observe that the learned High Court judge has dealt with this issue extensively. His Lordship made a finding that the ground of non-use is not proved. In fact the learned High Court judge found that the respondent has continuously used the Registered trademark on its products albeit without the descriptive words 'Cap Pokok Kelapa' as provided under s 23(2) of the Trade Marks Act 1976.

[62] It is instructive to refer to the decision of the Court of Appeal in *Tan Kim Hock Product Centre & Anor v Tan KimHock Tong Seng Food Industry Sdn Bhd.* This court at paras 25–26 had held:

> [24] We were in agreement with the learned judge in that respect. It was not the law either that abandonment of a trademark had been proven merely by a period of

non-use of the specific registered trademark; there had to be definite evidence of abandonment without the intention to resume use. Further in this case, it had to be noted that the registered trademark had been renewed from time to time and remained valid until 2021 and at the time the TDOs were sought ex parte, there was no application to expunge the registered trademarks pending in court.

[25] It was also the forceful submission of counsel for the TKTS Food Industry that the omission of the words — CAP POKOK KELAPA (separately and below the logo) did not affect the dominant feature or the main component of the registered mark itself, namely the large T in red with the coconut tree in white in the middle and also an encircled S also in white. It was reiterated by counsel, and we agreed with him, that the omission of the words CAP POKOK KELAPA did not affect the same continuing commercial impression a consumer of the product would have formed, namely that the product was indeed produced by or originated from TKTS Food Industry. The products of TKTS Food Industry carried the registered trademarks, albeit that the minimal alteration as recognised and countenanced by s 23(1) of the Trade Marks Act 1976. Accordingly, like the learned judge, we were of the view that, there arose no issue of suppression or non-disclosure of 'abandonment' of the registered trademark as alleged by the appellant.

[63] The Court of Appeal decision has been affirmed by the Federal Court. In the circumstances, it is not our place to depart from a definitive finding on a matter that had been made by our apex court.

[64] We shall now address the related issues of whether the defendants (appellants) had infringed the plaintiff's trademark, thus, committed the tort of passing off.

[65] Relying on the decision of the Court of Appeal in *Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor* [2012] MLJU 1192; [2012] 8 CLJ 645, the learned trial judge had identified the following elements for the tort of passing off:

(a) that (the plaintiff) has sufficient reputation or goodwill in the mark, trademark, get up or other indicia in question under which his particular goods or services are offered to the public;

(b) he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services by him are goods, or services of the plaintiff; and

(c) he must demonstrate that he suffers of had suffered or is likely to suffer damage or injury to his business or goodwill by reason of the erroneous belief and engendered by the defendant's misrepresentation that the source goods or services is the same source offered by the plaintiff.

[66] As alluded earlier, the respondent's cause of action against the appellants

A is premised on passing off and infringement of trademark.

[67] For the infringement of trademark, the principal issue being the issue of likelihood of confusion between the registered trademark of the respondent and the impugned trademark of the appellants, which is a question of fact.

B

[68] In upshot, for the cause of action of passing off, the tree constituent elements are reputation/goodwill, misrepresentation and damage. These are factual issues as well.

C

[69] The legal principle on passing off is well-settled. The necessary ingredients to constitute an actionable tort of passing off have been clearly laid down in many case laws, both local and foreign.

D **[70]** In the recent Federal Court decision in *Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)* [2015] 6 MLJ 465, Azahar Mohamed FCJ made the following observations regarding the tort of passing off:

E [23] ... It has to be emphasised that the law of passing off governs the protection of common law or unregistered trademarks. The tort of passing off is a common law wrong. Passing off does not protect the use of marks, name, get up or any sign which is distinctive of a business, but the goodwill of the business that uses them. Goodwill accumulated through use is the property right that is protected (see *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation* [2009] 3 MLJ 774; [2009] F 3 CLJ 540 and *The Commissioner of Land Revenue v Muller & Co's Margarine Limited* [1901] AC 217). In *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770, Gun Chit Tuan CJ (Malaya) said:

> The principle of law regarding passing off has been plainly stated by Lord Parker in *AG Spalding & Bros v AW Gamage Ltd* (1915) 84 LJ Ch 449 'and that bis, that G nobody has any right to represent his goods as the goods of somebody else'. It is therefore wrong for a trader to conduct his business as to lead to the belief that his goods or business is the business of another. For an authority on passing off, we could do no better than to quote the words of Lord Diplock in the leading speech in *Erven Warnink v Townend & Sons* (Hull) Ltd (at p 742):
>
> H My Lords, *AG Spalding & Bros v AW Gamage Ltd 84 LJ Ch 449* and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off: (1) a misrepresentation; (2) made by a trader in the course of trade; (3) to prospective customers of his or ultimate consumers of goods or services supplied by him; (4) which is calculated I to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.

[24] In our jurisdiction, if the proprietor of a common law or unregistered

trademark does not wish to file for registration under the Act, which he is entitled to, his common law right to the mark is nevertheless preserved by s 82(2) of the Act which provides '… notwithstanding sub-s (1) nothing in this Act shall be deemed to affect the right of action against any person for passing off goods or services as those of another person or the remedies in respect of thereof'.

[71] Be that as it may, on the issue of goodwill, we also find guidance from several authorities including the decision in *Service Master (M) Sdn Bhd v MHL Servicemaster Sdn Bhd & Anor and another application* [1998] 5 MLJ 378 where it was said:

Goodwill requires business activity. According to the court, the evidence necessary to establish goodwill could be obtained from information relating to the sales and turnover, oral or affidavit evidence of those who had dealt in the plaintiff's product, evidence relating to the number of branches for the plaintiff's product and their geographical spread, evidence relating to the length of time over which the plaintiff had traded and advertised his products, and any evidence of any exhibitions or shows at which the plaintiff had promoted his product.

[72] As alluded earlier, in *AG Spalding Brothers v AW Gamage, Ltd* [1914–1915] All ER Rep 147 at p 150, Lord Parker in the House of Lords held that goodwill is attached to a business and not to a mark or get up.

[73] In *CDL Hotels International Ltd v Pontiac Marina Pte Ltd* [1998] 2 SLR 550, at paras 45–50, LP Thean JA explained that goodwill, unlike reputation, does not exist on its own but must be attached to a business.

[74] In the case of *The Commissioners of Inland Revenue v Muller & Co's Margarine, Limited* [1901] AC 217 at pp 223–224, Lord MacNaghten in the House of Lords has described goodwill as follows:

What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is an attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates.

[75] In *Crusade Oil NL and another v Crusader Minerals NZ Ltd* (1984) 3 IPR 171, the court held that goodwill cannot be established merely through registration of a business.

[76] In *Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor* [2012] 1 MLJ

585, this court at para 115 had spelt out four features of goodwill, which are as follows:

(a) goodwill is the benefit added to the business through extensive trading operations which attract custom;

(b) the trademark or get up used in the business is the badge and indicia that signifies, indicates and identified the business will;

(c) goodwill is created through and by means of trading activities; and

(d) the more extensive the trading activities are, which must necessarily include sales and promotion, the more value that would be attached to the goodwill.

[77] The learned High Court judge has dealt with this issue extensively in his grounds of judgment on this issues as appeared in paras 81–88.

[78] The learned High Court judge concludes at para 88 as follows:

> In the present case, I find that there is ample evidence showing that the first defendant having sold products bearing the plaintiff's (respondent) trademark and get up that would be clear misrepresentation by the first defendant, in that public would be led to believe that the goods offered by the first defendant are the goods of the plaintiff. Evidence of the products bought from the first defendant bearing resemblance of the trademark and get up as well as the product bar codes of the plaintiff were tendered in court. In fact the second defendant in cross-examination agreed that the removal of the first defendant from the plaintiff's group of companies, and the plaintiff having ceased supply of its products to the first defendant, the first defendant had engaged a third party to produce some of these products that were packed in packages identical or similar to that of the plaintiff's and bearing the plaintiff's trademark and get up. The plaintiff has also carried out a public survey to determine whether the public were confused into believing that the get up of the products and trademark used by the first defendant is the same as that of the plaintiff. The survey result showed that the public were indeed confused by the similar get up of the products and trademark used on the first defendant's products.

[79] The learned High Court judge has made a finding that the respondent have made out a clear case of passing off and infringement of trademarks against the appellants. The evidence is overwhelming that TKH and the respondent have used the relevant *indicia of origin* namely the respondent's trademarks

together with name 'Tan Kim Hock' and its Chinese equivalent for a substantial period of time. Samples packing materials bearing the respondent's trademarks and the name of Tan Kim Hock and its Chinese equivalent meanings have been adduced during the trial (see pp 306–308 of the respondent's Core Bundle). The learned High Court judge has correctly apprised himself of the legal principles of passing off enunciated in the case of *Ho Tack Sien*.

[80] The impugned trademark used by the appellants is identical to the respondent's trademark. The goods and products are identical as well. Thus, misrepresentation is beyond dispute. What constitutes misrepresentation is a question of fact and the appellate court will not disturb such finding unless the finding is totally unwarranted or manifestly against the weight of evidence and is plainly wrong.

[81] On the issue of damage, the third element, the learned trial judge dealt it with a great care as appeared in para 90 of His Lordship grounds of judgment. His Lordship relied on the Supreme Court decision in *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770 to hold that in cases where the goods in question are in direct competition with another, the court will readily infer the likelihood of damage to the plaintiff's goodwill through loss of sales and loss of exclusive use of the name. We find no error committed by the learned judge's finding on this. We find that the learned judge has correctly applied the legal principles and examined the evidence to come to the conclusion that the respondent has successfully established its case of passing off.

[82] The final issue is whether the appellants have infringed the Registered Mark of the respondent, ie

[83] We have alluded earlier, that the appellants' challenge based on the ground of non-use does not hold water. Anyone who uses a mark which is identical with a registered trademark or a mark which is so closely resembling it as is likely to deceive or cause confusion in the course of trade in relation to the goods registered, without the permission or authority of the trademark owner is committing an infringement of trademark. This is the effect of the provision of s 38 of the Trade Marks Act 1976.

[84] Based on the packaging designs and get up of the appellants' products, the appellants have adopted an almost identical mark as that found in the Registered Mark of the respondent, save for the words 'CAP POKOK KELAPA'.

[85] The learned High Court judge in paras 78–79 of the grounds of judgment, has correctly applied the provision of s 38 of the Trade Marks Act 1976 and the relevant case laws including the Supreme Court decision of *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63. The respondent's Registered Mark

was registered with effect from 21 September 1976. It has been renewed and the next expiry date is 21 September 2021. The law as it stands, in all legal proceedings relating to a registered trademark the fact that the person is registered as a proprietor of the trademark shall be prima facie evidence of the validity of the original registration of the trademark and of all subsequent assignments and transmission thereof. The proof of infringement of trademark is settled as well, which is essentially based on finding of facts. For infringement of trademark, the principal issue being the issue of likelihood of confusion between the registered mark of the plaintiff and the impugned trademarks of the defendant, which is a question of fact. Based on the undisputed evidence,

it is beyond doubt that a case of infringement of the respondent's Registered Mark has been made out against the appellants.

[86] Quite clearly the outcome of this case turned primarily on findings of fact. In our view, based on the evidence led during the trial, it cannot be said that the learned trial judge's conclusion upon the evidence was plainly wrong. We need only refer to the reminder of the trite principle on appellate intervention, by the Federal Court in *Ng Hoo Kui & Anor v Wendy Tan Lee Peng (administratrix for the estate of Tan Ewe Kwang, deceased) & Ors* [2020] 12 MLJ 67:

> As long as the trial judge's conclusion can be supported on a rational basis in view of the material evidence, the fact that the appellate court feels like it might have decided differently is irrelevant. In other words, a finding of fact that would not be repugnant to common sense ought not to be disturbed. The trial judge should be accorded a margin of appreciation when his treatment of the evidence is examined by the appellate courts.

CONCLUSION

[87] We are satisfied that the learned trial judge had assessed all the relevant materials. His Lordship had considered the relevant case-laws on the subject and analysed the issues in the present case prior to arriving at his conclusion. We find the learned trial judge had considered the contemporaneous documents and the whole circumstances and probabilities of the case (*Tindok Besar Estate Sdn Bhd v Tinjar Co* [1979] 2 MLJ 229 (FC)). It cannot be said that his decision is plainly wrong or perverse to justify our appellate intervention. We agree with the finding of the learned trial judge that the respondent had proven their case.

[88] In light of all the above, we hereby unanimously dismiss the appellants' appeal with costs and the order of the High Court dated 30 May 2017 is hereby affirmed. Costs of RM50,000 to the respondent subject to allocatur.

Appeal dismissed with costs of RM50,000 to respondent subject to allocatur.

Reported by Dzulqarnain Ab Fatar